

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 EB-11 COME-00 DRC-01 RSC-01 SS-20 OMB-01

NSC-07 L-03 SPC-03 TRSE-00 JUSE-00 CIAE-00 INR-10

NSAE-00 /072 W

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P 020905Z APR 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 0993

UNCLAS TOKYO 4314

E.O. 11652: N/A

TAGS: ETRD, US, JA

SUBJECT: ANTITRUST INVESTIGATION: GRAPHITE ELECTRODES

REF: A. TOKYO A-29, JANUARY 17, 1974

B. TOKYO 4237

1. SUMMARY. MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY (MITI) OFFICIALS HAVE EXPRESSED CONCERN TO EMBOFF OVER JUSTICE DEPARTMENT'S ANTITRUST INVESTIGATION OF CUSTOMER ALLOCATION IN GRAPHITE ELECTRODE TRADE AND DESIRE PLACE FURTHER DISCUSSIONS THIS ISSUE ON GOVERNMENT-TO-GOVERNMENT BASIS. ACCORDING THESE OFFICIALS, GOJ IS PREPARED PRESENT DIPLOMATIC NOTE "IF THIS BECOMES NECESSARY OR ADVISABLE." END SUMMARY.

2. IN MARCH 29 MEETING BETWEEN EMBOFF AND MITI OFFICIALS (DESCRIBED REFTEL B), LATTER CONSIDERABLY MORE INTERESTED IN DISCUSSING JUSTICE DEPARTMENT'S ANTITRUST INVESTIGATION THAN SUPPLY SITUATION IN GRAPHITE ELECTRODE TRADE. AFTER LONG REHEARSAL OF REASONS FOR JAPANESE ELECTRODE EXPORTERS' MAINTENANCE OF TRADITIONAL SUPPLY LINES AND REFUSAL OF NEW CUSTOMERS (REFAIR A), MITI OFFICIALS EXPRESSED BELIEF THAT ANTITRUST POBLEMS WILL BECOME MORE SERIOUS IN FUTURE DUE INCREASING NUMBER JAPANESE FIRMS INVESTING IN U.S. AND CONTINUED EXPANSION OF TRADE
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BETWEEN U.S. AND JAPAN. IN THEIR VIEW, ANTITRUST ISSUE

DIRECTLY RELATED TO JAPAN'S EXPORT POLICY. EXPORT CARTEL WAS FORMED TO RESTRAIN EXPORTS AND THEREBY PRESERVE ORDERLY MARKETING (REFAIR A).

3. THE MITI OFFICIALS TOLD EMBOFF THAT GOJ WOULD PREFER TO SOLVE ANTITRUST PROBLEM ADMINISTRATIVELY, I.E., THROUGH DIPLOMATIC CHANNELS. ACCORDING THEIR INFORMATION, JUSTICE DEPARTMENT HAS GIVEN U.S. SUBSIDIARIES OF JAPANESE ELECTRODE EXPORTERS MID-APRIL DEADLINE FOR SUBMISSION OF SUPPLEMENTARY DATA REQUESTED BY JUSTICE FOR USE IN INVESTIGATION. CONSEQUENTLY, MITI WISHES PLACE DISCUSSIONS OF ANTITRUST PROBLEM ON GOVERNMENT-TO-GOVERNMENT BASIS ASAP. MITI PREPARED PRESENT DIPLOMATIC NOTE TO USG "IF THIS BECOMES NECESSARY OR ADVISABLE."

4. ACTION REQUESTED:

(A) EMBASSY REQUESTS CONFIRMATION MID-APRIL DEADLINE DESCRIBED PARA 3.

(B) EMBASSY IN NO POSITION JUDGE LEGALITY OR MERITS SUGGESTION RE GOVERNMENT-TO-GOVERNMENT DISCUSSIONS AND WOULD APPRECIATE DEPARTMENT'S COMMENTS. EMBASSY COMMENT: IN VIEW PRESSURES FOR INCREASING EXPORTS FROM JAPAN IN GENERAL (SEE TOKYO 4191), USG ATTITUDE ON VEHICLE (I.E., EXPORT CARTELS) OFTEN USED TO RESTRAIN EXPORTS WILL BE OF GREAT INTEREST NOT ONLY TO GOJ BUT TO PRIVATE SECTOR AS WELL.
SHOESMITH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ELECTRONIC EQUIPMENT, SUPPLIES, TRADE LAW, GRAPHITE, CARBON, BUSINESS FIRMS, MONOPOLIES
Control Number: n/a
Copy: SINGLE
Draft Date: 02 APR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974TOKYO04314
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740072-1099
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740472/aaaacnzo.tel
Line Count: 89
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: A. TOKYO A-29, JANUARY 17, 1974
Review Action: RELEASED, APPROVED
Review Authority: shawdg
Review Comment: n/a
Review Content Flags:
Review Date: 30 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 MAY 2002 by bryansd0>; APPROVED <16 DEC 2002 by shawdg>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ANTITRUST INVESTIGATION: GRAPHITE ELECTRODES
TAGS: ETRD, US, JA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005